

STATINTL

U. S. Studies Onassis Monopoly For Shipping Saudi Arabia's Oil

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**Contract Would Give Nation
About \$50,000,000 a Year
in Tanker Royalties**

By C. L. SULZBERGER

Special to The New York Times.

PARIS, June 22—The United States Government is investigating an agreement between Saudi Arabia and Aristotle Socrates Onassis, millionaire shipowner, establishing a new tanker fleet under the Saudi Arabian flag. Opponents of the contract, which was concluded at Jeddah Jan. 20, last, say it establishes an unfair monopoly in violation of normal trade procedures.

It is reported that Henry A. Byroade, Assistant Secretary of State for Near Eastern Affairs, conferred with Mr. Onassis on this matter at the end of last month. The talk occurred in London, where Mr. Byroade stopped on his way back to Washington from a meeting with United States envoys in Istanbul.

It is understood that at their conference Mr. Onassis assured Mr. Byroade that the terms of his agreement with the Saudi Arabian Government should not be taken too literally and that Mr. Onassis was prepared to interpret them with considerable latitude. It is reported that Mr. Onassis said he would even agree to renegotiate the terms of his Saudi Arabian contract if necessary.

Original Contract Amended

In an amendment to the original Jeddah agreement, signed at Riyadh, Saudi Arabia, on April 7, Mr. Onassis describes himself as "Mr. Aristotle Socrates Onassis of Greek birth and Argentine nationality, residing in Montevideo and with his office in Paris."

The texts of the contract negotiated by the Onassis interests have now become available in Paris. They provide, through the January agreement and the April amendment, for the following:

¶Onassis undertakes to create a "private limited company at Jeddah, Saudi Arabia, which will be called the Saudi Arabian Maritime Company, Ltd."

¶The Onassis company agrees to register a minimum of 500,000 tons of tankers in this company under the Saudi Arabian flag and registry and bearing Arabic names. They would have Saudi Arabian protection.



The New York Times

Aristotle S. Onassis

¶The Saudi Arabian Government "undertakes to compel all oil companies in Saudi Arabia that at present have concessions or that may be independent to ship and carry petroleum and its products exported from Saudi Arabia to foreign countries by the Saudi Arabian Maritime Company, Ltd. The only exception would be that the Arabian American Oil Company, now holding a huge petroleum concession, could continue to use such of its own tankers as were already engaged in carrying Saudi Arabian petroleum before Dec. 31, 1953.

¶The new tanker company created by Mr. Onassis for Saudi Arabia would, at its own expense, "open a school within a period of one year from the date of the signature of this agreement at Jeddah, for training fifteen Saudi Arabian students a year to study navigation and mechanics."

¶The agreement is valid for thirty years. The new company guarantees a royalty of 1½ shilling [about 20 cents] "for every ton shipped by its tankers to any port in the world."

Jewish Interests Barred

In the secret annex of April 7 Mr. Onassis pledged that no Jew should have any interest "in any of these companies, directly or indirectly" and furthermore promised "it is agreed the company will not deal with Israel."

Oil companies, including the Arabian-American [known as

Aramco] and rival shipping concerns are bitterly contesting the validity of the Onassis-Saudi Arabian contract. Britain, as well as the United States, is understood to be interesting herself in the matter.

It is estimated that under the present arrangement only 40 per cent of Saudi Arabia's present annual production of petroleum can be carried by Aramco's tankers as registered last December. When these ships become obsolescent it is believed they will be replaced by vessels from the new Saudi Arabian Maritime Company.

It is estimated that the 60 per cent of current petroleum production in Saudi Arabia that would be carried by tankers of Mr. Onassis' new company would cause a royalty tax of about \$50,000,000 a year to be paid by the company to the Saudi Arabian Government.

The original contract was negotiated in Jeddah by Sheikh Abdullah al Sulaiman al Hamdan, Minister of Finance and Economics, and Mr. Onassis' representative, Sheikh Mohammed Abdullah Al Rezzah, who has since become Minister of Commerce in King Saud's Government.

The eventual impact of this oil tanker agreement on the Middle Eastern political situation is not yet clear. Since King Saud became assured of a new annual revenue of an estimated average of \$50,000,000 he has assumed new financial obligations in the Arab world and has sought to bolster the Arab campaign against Israel.

He promised Major Salah Salem of the Egyptian junta to pool resources with that country. Both Saudi Arabia and Egypt are strongly opposed to the new Turkish-Pakistani pact sponsored by the United States on the northern fringe of the Middle East.

It is also understood that Saudi Arabia has now promised Jordan to help strengthen her army and to finance the upkeep of Jordan's National Guard, largely composed of Palestinian Arabs and situated in villages along the borders of Israel.

State Department Silent

Special to The New York Times.

WASHINGTON, June 22—The State Department declined to comment on reports of a United States investigation of an oil transport agreement between Aristotle Socrates Onassis and the Saudi Arabian Government. There were indications, however, that Washington had expressed its concern over some of the terms of the agreement.

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